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Final Regulation Agency Background Document

Agency name	Charitable Gaming Board
Virginia Administrative Code (VAC) citation	11 VAC15-40
Regulation title	Charitable Gaming Regulations
Action title	Consolidates two separate regulations, <i>Charitable Gaming Rules and Regulations</i> , 11VAC15-22, and <i>Supplier Regulations</i> , 11VAC15-31, into one regulation that also establishes guidelines regarding electronic games of chance systems for charitable gaming.
Date this document prepared	June 13, 2012

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 14 (2010) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

Brief summary

Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation. Also, please include a brief description of changes to the regulation from publication of the proposed regulation to the final regulation.

11VAC15-40, *Charitable Gaming Regulations*, consists of the following five parts: (i) definitions, (ii) charitable gaming organizations and the conduct of charitable gaming, (iii) charitable gaming suppliers, (iv) electronic games of chance systems, and (v) administrative process.

The section pertaining to charitable gaming organizations and the conduct of charitable gaming reflects the substance of the current regulation titled *Charitable Gaming Rules and Regulations*, 11VAC15-22. The section pertaining to charitable gaming suppliers reflects the substance of the current regulation titled *Supplier Regulations*, 11VAC15-31. The section pertaining to electronic games of chance systems includes rules for the conduct of electronic pull-tabs, requirements for manufacturers and suppliers of distributed pull-tab systems, and construction and other standards for distributed pull-tab systems. The sections pertaining to definitions and the administrative process consolidate the definitions and administrative process sections found in the current regulations, 11VAC15-22 and 11VAC15-31.

Substantive changes to the provisions of the current charitable gaming and supplier regulations

Specific dollar amounts that are prescribed by the *Code of Virginia* (Code) or the Internal Revenue Service (IRS) have been replaced by references to the sections of the Code or the IRS publication that establishes these amounts.

Revisions were made to reflect the Department's implementation of the use of remedial business plans to assist organizations in achieving compliance.

The fee for a permit amendment has been eliminated.

Revisions have been made in accordance with Chapter 429 of the 2010 Acts of Assembly, which authorized the Board to prescribe regulations permitting (i) nonmembers to participate in the conduct of bingo and (ii) the full automatic daubing of bingo numbers, and authorized the conduct of progressive bingo games.

Revisions have been made to allow bingo event games.

The required break between gaming sessions has been reduced from one hour to 30 minutes.

The reporting requirements for electronic bingo devices have been modified to permit electronic bingo device systems that do not identify at the point of sale the number of the electronic bingo device issued to a player.

Changes to the regulation from the publication of the proposed regulation to the final regulation

To improve the clarity of the regulation, certain terms that were used in the proposed regulation have been replaced with new terms in the final regulation. "Electronic game card" was replaced with "electronic pull-tab". "Player device" was replaced with "electronic pull-tab device".

The requirement that paper pull-tab dispensers be certified by a testing facility has been eliminated.

Technical requirements for electronic random number generators used in bingo were added to the final regulation. This new section also includes a grandfather clause for electronic random number generators that are currently being used in bingo.

A requirement for a firewall was added to both the requirements for electronic bingo systems as well as the requirements for distributed pull-tab systems.

A new section was added to the final regulation to establish permitting requirements for manufacturers of electronic games of chance systems.

The proposed text only allowed an electronic pull-tab device to emit the sound of a paper pull-tab opening. The text now mirrors the charitable gaming statute and only prohibits sounds or music solely intended to entice a player to play.

The previous electronic pull-tab device limits that were based on the size of the device and the maximum occupancy of the premises at which the device was used have been eliminated. The regulation now establishes limits on the number of devices a premises may have depending upon whether the premises is open to the public for charitable gaming or is open only to members of the organization and their guests.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency or board taking the action, and (3) the title of the regulation.

On June 12, 2012, the Charitable Gaming Board adopted 11VAC15-40, *Charitable Gaming Regulations*, as final.

Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant citations to the Code of Virginia or General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., agency, board, or person. Your citation should include a specific provision authorizing the promulgating entity to regulate this specific subject or program, as well as a reference to the agency/board/person's overall regulatory authority.

Section 18.2-340.15 of the *Code of Virginia* authorizes the Charitable Gaming Board to prescribe regulations and conditions under which charitable gaming is to be conducted in Virginia to ensure consistency with the purpose for which such gaming is permitted. Additionally, Chapter 264 (HB 1998) of the 2007 Acts of Assembly amended the statute by requiring changes to the charitable gaming regulations in order to implement electronic games of chance systems (Va Code § 18.2-340.34(B)).

Purpose

Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons it is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

The existence of two separate but closely interrelated regulations governing charitable gaming has resulted in duplicative, burdensome, and unnecessarily lengthy efforts in those instances when the agency has had to amend both regulations in response to a single change in the statute. The promulgation of a single, consolidated regulation will assist the agency in its administration of the charitable gaming program.

Proponents of the legislation that resulted in the authorization of electronic games of chance systems in the Commonwealth have indicated that charitable gaming organizations will see significant increases in both attendance and revenues through the offering of electronic pull-tabs at their gaming events. Attendance at charitable gaming events has dropped considerably in the last few years, in some cases by as much as 40%, due to an aging player base, as well as the economic downturn. The availability of electronic pull-tabs is expected to attract younger players to bingo halls across Virginia. It is anticipated that, through electronic pull-tab sales, a charitable gaming organization will improve its ability to meet the requirement that it expend a minimum percentage of its gross revenue towards its charitable purpose.

Substance

Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. A more detailed discussion is required under the "All changes made in this regulatory action" section.

This regulation consolidates the substance of the current regulation titled *Charitable Gaming Rules and Regulations*, 11VAC15-22, as well as the substance of the current regulation titled *Supplier Regulations*, 11VAC15-31. Substantive changes to the provisions of the current regulations include the addition of provisions regarding full automatic daubing of bingo numbers and progressive bingo games, both of which were authorized by Chapter 429 of the 2010 Acts of Assembly; the addition of provisions allowing bingo event games; revisions to the electronic bingo device requirements to allow for more current technology; and a reduction in the time required between gaming activities from one hour to 30 minutes. A section was added to establish standards for electronic random number generators used in bingo. Additionally, provisions were added to require that electronic bingo systems have a firewall.

Part IV of the regulation, which pertains to electronic games of chance systems, is entirely new and includes rules for the conduct of electronic pull-tabs, requirements for manufacturers and suppliers of distributed pull-tab systems, and construction and other standards for distributed pull-tab systems.

Issues

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
 - 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
 - 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, please indicate.*
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The inclusion of provisions pertaining to electronic games of chance systems will provide charitable gaming organizations a new option to promote greater attendance at their gaming events. Greater attendance should increase the revenue organizations generate from their charitable gaming activities, which, in turn, should facilitate compliance with applicable requirements regarding the charitable use of organizations' proceeds.

The promulgation of a single, consolidated regulation will greatly assist the agency in its administration of the charitable gaming program by eliminating the need for duplicative regulatory actions due to the existence of two interrelated regulations.

Special interest groups are monitoring the progress of this regulation to ensure that it does not lead to casino-style gambling or expand the type of gaming that is allowed in the Commonwealth. The agency has involved these stakeholders during relevant discussions. The agency is not aware of specific concerns with the regulation.

Changes made since the proposed stage

Please describe all changes made to the text of the proposed regulation since the publication of the proposed stage. For the Registrar’s office, please put an asterisk next to any substantive changes.

The text of the proposed regulation included terms that have been revised throughout the text of the final regulation. These revisions are not substantive changes and are intended to provide clarity. The changes are as follows: “Electronic game card” was replaced with “electronic pull-tab”; “player device” was replaced with “electronic pull-tab device”; “electronic device” and “device”, when referring to an electronic bingo device, were replaced with “electronic bingo device”. These revisions occur in the following sections: 10, 50, 60, 80, 110, 120, 130, 160, 170, 180, 190, 200, 210, 230, 240, 260, 270, 290, 300, 310, 320, 330, 340, 350, 360, 380, 390, 400, and 410.

The text of the proposed regulation included the term “event game card”. This term was incorrectly included in the regulation, as instant bingo cards or pull-tabs are used to play event games. Event games are not played using a unique gaming supply called an “event game card”. This term has been deleted from the regulation’s text. This revision occurs in the following sections: 50, 120, 130, and 140.

In some sections, the numbering has changed from the proposed text to the final text. For those sections whose numbers have changed, both the proposed section (P) and the final section (F) numbers are listed in the “Section number” column below.

Section number P = Proposed regulation F = Final regulation	Requirement at proposed stage	What has changed	Rationale for change
10	N/A	Addition of references to “electronic pull-tab devices” and “electronic pull-tabs” to the definition of “conduct”.	Due to staff oversight, these terms were not included in the proposed text.
10	“Conduct” included services provided by volunteer workers	In the definition of “conduct,” “volunteer” was replaced with “game”.	Individuals who are licensed as bingo managers and bingo callers may receive remuneration for their services and, as such, are not “volunteer workers.” However, their activities should be considered “conduct(ing)” bingo. This change is intended to provide clarification.
10	“Calendar day” is defined as beginning at 12:01 a.m.	Revised time to state “12:00:01 a.m.”	As currently written, the definition results in the loss of one minute during the calendar day which could cause compliance problems for electronic gaming systems. The revision is intended to provide

			clarification.
10	“Calendar week” is defined as beginning at 12:01 a.m. on Sunday.	Revised time to state “12:00:01 a.m.”	As currently written, the definition results in the loss of one minute during the calendar week which could cause compliance problems for electronic gaming systems. The revision is intended to provide clarification.
10	N/A	Addition of “bingo” to the definition of “designator”	Added to clarify what type of number is being selected by the designator.
10	“Door prize” is defined as being a prize awarded at gaming session. “Session” is later defined as being the time during which bingo is played.	“Door prize” is defined as being a prize awarded at a charitable gaming activity.	Door prizes are currently awarded at charitable gaming activities other than bingo sessions. This revision was made to reflect this practice.
10	“Electronic bingo device” means an electronic <i>device</i>	“Electronic bingo device” means an electronic <i>unit</i>	This change is intended to provide clarification as well as consistency with the definition of “electronic pull-tab device”.
10	N/A	Added definition of “electronic games of chance system”	This addition is intended to provide clarification.
10	Section 10 included a definition of “player device”	The term “player device” has been replaced with the term “electronic pull-tab device”. The substance of the definition of “electronic pull-tab device” is the same as was that of “player device”.	This change is intended to clarify the distributed pull-tab system requirements and to clarify the distinction between the electronic pull-tab device requirements and the electronic bingo device requirements.
10	N/A	Added clarifying statement that “equipment and video systems shall not include dispensing devices, electronic bingo devices, and electronic pull-tab devices” to the definition of “equipment and video systems”.	This language was moved from 11VAC15-40-120 C to 11VAC15-40-10 because the definition section is a more logical place for this provision.
10	N/A	“Event game” definition was modified to clarify that this game is sold <i>in its entirety</i> during a single bingo session.	This change is intended to clarify the provisions regarding event games.
10	The definition of “flare” only reflected paper pull-tab games.	The definition of “flare” was amended to also reflect electronic pull-tab games.	Due to staff oversight, “flare” was not revised to reflect the addition of electronic pull-tab standards to the charitable gaming regulation.
10	Definition for “gaming activity”	Definition deleted	Rather than having a separate term to identify

			the period of time that includes the sale of pull-tabs before and after a bingo session as well as the bingo session, OCG modified the existing definition for "session".
10	The definition of "interested persons" did not include those engaged in manufacturing distributed pull-tab systems.	Added language to the existing definition of "interested persons" to include manufacturers of distributed pull-tab systems.	This additional language was necessary for consistency throughout the regulation with the addition of the section regarding the permitting of manufacturers.
10	The definition of "manufacturer" did not include language regarding distributed pull-tab systems.	Added language to the existing definition of "manufacturer" to include manufacturers of distributed pull-tab systems.	This additional language was necessary for consistency throughout the regulation with the addition of the section regarding the permitting of manufacturers.
10	The definition of "operation" included a reference to the coordination of volunteer workers.	In the definition of "operation," "volunteer" was replaced with "game".	Individuals who are licensed as bingo managers and bingo callers may receive remuneration for their services and, as such, are not "volunteer workers." However, the coordination of their activities should be included as part of the "operation" of bingo. This change is intended to provide clarification.
10	The definition of "owner" did not include language regarding manufacturers of distributed pull-tab systems.	Added language to the existing definition of "owner" to include manufacturers of distributed pull-tab systems.	This additional language was necessary for consistency throughout the regulation with the addition of the section regarding the permitting of manufacturers.
10	The definition of "serial number" did not include references to electronic pull-tab game sets and subsets as well as electronic pull-tab devices.	Added language to include references to electronic pull-tab game sets and subsets as well as electronic pull-tab devices.	Due to staff oversight, these terms were not included in the proposed text.
* 10	The definition of "session" stated that a session began with the selection of the first ball for the first game.	The definition was revised to include the sale and redemption of instant bingo, pull-tabs, seal cards, and electronic pull-tabs. The definition now states that a session begins with the sale of instant bingo, pull-tabs, seal	These changes were made to provide consistency and clarification to the regulation, specifically 11VAC15-40-50.

		cards, electronic pull-tabs, or bingo cards or packs.	
20 E, F, & G	Reference to corrective action plans	Replaced “corrective action plan” with “remedial business plan”.	OCG has revised the terminology it uses to refer to this piece of its compliance process.
30 B	Reference to compliance with multiple regulations	The reference to compliance with multiple regulations was replaced with a reference to compliance with this chapter.	This regulation, 11VAC15-40, consolidates two regulations; thus, the revision reflects the existence of a single charitable gaming regulation.
* 30 F 1	An application for a charitable gaming permit must include a list of members participating in the management or operation of charitable gaming.	The requirement that an application include this list was eliminated.	OCG determined it does not need this information, which was previously used to assess whether an organization had a sufficient number of volunteers.
* 30 F 4	An application for a charitable gaming permit must include the organization’s most recent annual financial statement or IRS Form 990.	The requirement that an application include this information was eliminated.	OCG determined it does not need to collect this information the organizations.
30 I 2	Subsection included language certain organizations’ exemption from payment of application fee.	Revised language to reference the section of the Code that provides this exemption and to clarify that, if each of the joint game participants is an organization exempt from the application fee, no joint game application fee is due.	This revision is intended to provide clarification.
* 30 J	Required an organization to submit a request to change its permit at least 30 days in advance of the change.	Eliminated 30-day requirement. Replaced the term “change” with the term “amendment”.	This revision was made to reflect OCG’s current practice of not requiring 30 days notice for permit amendments.
30 K	This subsection was unclear in its statement that an organization could change its gaming time due to inclement weather without a change in its permit, while also requiring that the organization submit a request to change its permit.	This subsection was revised to allow an organization to cancel its gaming due to inclement weather without a permit amendment.	This revision is intended to provide clarification.
50 H	This subsection required all volunteer game workers to have in their possession picture identification.	This subsection was revised to require all game workers to have in their possession picture identification.	Individuals who are licensed as bingo managers and bingo callers may receive remuneration for their services and, as such, are not “volunteer workers.” OCG has determined that

			the requirement to possess a picture identification while working a bingo game should apply to both volunteer and paid workers.
50 L	This subsection stated that volunteers may receive complimentary food.	This subsection was revised to allow volunteer or paid game workers to receive complimentary food.	This revision is intended to provide clarification and consistency. OCG determined it was not necessary to distinguish between paid and volunteer game workers regarding this privilege.
50 O	This subsection stated that volunteers or their family members shall not receive free packs, discounts, or any other form of remuneration.	This subsection was revised to also apply to paid game workers and their family members, except as provided in § 18.2-340:34.1 of the Code of Virginia.	This revision is intended to provide clarification and consistency. OCG determined it was not necessary to distinguish between paid and volunteer workers regarding this prohibition.
50 P	Prohibited individuals providing security for charitable gaming activities from receiving electronic bingo device rentals as compensation.	Included electronic pull-tab device rentals among the items that individuals providing security for charitable gaming activities should not receive as compensation.	Due to staff oversight, this was not included in the proposed regulation.
50 R	This subsection included the term “gaming activity”.	Replaced “gaming activity” with “session”.	This revision is intended to provide clarity and consistency.
50 T	This subsection included a reference to the exception authorized § 18.2-340.26:2 of the Code of Virginia.	Added reference to the exception authorized in § 18.2-340.26:1.	Due to staff oversight, this additional section was not included in the proposed text.
50 T	This subsection included the term “gaming activities”.	Revised this subsection to reflect the new definition of session.	This revision is intended to provide clarity and consistency.
50 U, 50 Z 4	These subsections referred to a “volunteer game worker”.	Deleted the term “volunteer”.	This revision eliminates the distinction between volunteer and paid game workers.
60 A	This subsection contained an unnecessary clause in the requirement that house rules be posted in one of two different locations.	Deleted the clause “at an organization’s option”.	This unnecessary clause was deleted because the requirement is drafted so that the organization has an option without the inclusion of a statement specifically stating such.
60 C 4	Records must be maintained for three years from close of fiscal year	Minimum of three years from the close of the fiscal year	Consistency within regulation
60 C 6	This subdivision pertains to	Added “seal card” in two locations in	This revision was made to

	progressive seal card.	this subdivision.	eliminate the potential for the progressive seal card requirements of this subsection to be confused with requirements for progressive bingo games.
60 I 5	This subdivision pertains to progressive bingo games.	Added "bingo" in one location in this subdivision.	This revision was intended to provide consistency within this subdivision.
60 I 7	Progressive bingo game prizes shall be consistent with § 18.2-340.33 of the Code of Virginia.	Progressive bingo game prizes shall be consistent with § 18.2-340.33(10) of the Code of Virginia.	This revision provides a more specific reference to the Code of Virginia.
60 K 7	Records must be maintained for three years from close of fiscal year.	Minimum of three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
70 C	Records must be maintained for three years from close of fiscal year	Minimum of three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
70 D	This subsection pertains to the depositing of receipts from various types of gaming activity.	Added reference to "electronic pull-tabs".	Due to staff oversight, this reference was not included in the proposed text.
80 A	Records must be maintained for a minimum of three years	Minimum of three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
80 A 5	This subdivision contains a list of records that must be kept regarding electronic bingo devices.	Replaced the list in this subdivision with a reference to summary report required in the construction standards for electronic bingo devices (11VAC130 D 11).	This revision was intended to provide consistency within regulation.
80 B	Records must be maintained for three years from close of fiscal year	Minimum of three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
80 C	Records must be maintained for three years from close of fiscal year	Minimum of three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
* 80 D	This subsection requires organizations to return unused gaming supplies to the supplier or to turn the supplies into the department.	Replaced the option to turn the supplies into the department with the option to destroy the supplies following notification to the department.	This revision was intended to update the regulation with OCG's current practice. OCG no longer collects unused gaming supplies from organizations.
100 G	Records must be maintained for a minimum of three years	Minimum of three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
120 A	This subsection requires the department to act on a supplier application within 90 days of receipt of the application.	Eliminated the 90-day requirement.	The department has determined it is not necessary to include this requirement in the regulation.
120 C 1, 2	Records must be maintained	Minimum of three years from the close	This revision was intended

	for three years from end of fiscal year	of the fiscal year	to provide consistency within regulation.
120 C	This subsection includes a statement that “equipment and video systems shall not include dispensing devices, electronic bingo devices, and electronic pull-tab devices”.	Moved this statement to the definition of “equipment and video systems”.	This language was moved from 11VAC15-40-120 C to 11VAC15-40-10 because the definition section is a more logical place for this provision.
120 E	This subsection includes a statement that the servicing of electronic bingo devices in not considered conducting or participating in charitable gaming.	Added a reference to electronic pull-tabs to this statement.	Due to staff oversight, this was not included in the proposed regulation.
120 H, J	These subsections require suppliers to report on the “number” of various items.	Replaced “number” with “quantity”, where appropriate.	This revision is intended to provide clarification.
120 H 8	This subdivision requires that suppliers produce an invoice with certain information regarding electronic pull-tab devices.	Replaced the requirement that the supplier report “the form” of the electronic pull-tab device with the requirement that the supplier provide a physical description of the physical attributes of the device.	This revision is intended to more clearly state the requirement that the supplier report on what the electronic pull-tab device looks like.
120 H 8, 9; 120 J 4	This subdivision requires that suppliers report the address to which electronic pull-tab devices and any equipment used to facilitate the distribution, play and redemption of electronic pull-tabs are shipped.	In addition to “shipped”, added “delivered”.	This revision was intended to capture those devices that were not shipped, but were delivered to the organization by the supplier.
120 J	This subsection requires suppliers to submit its report to the department on a computer disk.	This requirement was replaced with the requirement that the supplier submit its report to the department via a department-approved electronic medium.	This revision is intended to update the regulation to reflect current technology and the department’s practice of not requiring that reports be submitted via computer disk.
130 D 2	This subdivision provides that an electronic bingo device may use commonly available software and computers.	Replaced “computers” with “hardware”.	This revision is intended to clarify that electronic bingo devices are not restricted to personal computers.
* 130 D 3	This subdivision requires that each electronic bingo device have a unique identification number permanently coded into the software of the device.	Revision made to require that each electronic bingo device have a unique identification number securely encoded into the software of the device.	This revision is intended to allow “off the shelf” hardware to be utilized as electronic bingo devices. The requirement that the identification number shall not be alterable by anyone other than the manufacturer will ensure security comparable to the

			previous requirement that the identification number be permanently coded into the software of the device.
* 130 D 4	N/A	Added requirement for a firewall between the electronic bingo system and any external point of access.	This provision assists in ensuring physical network security.
P: 130 D 6 F: 130 D 7	This subdivision limits the data that can be transmitted to an electronic bingo device during the play of a game.	Revision made to permit additional data to be transmitted via one-way communication to an electronic bingo device.	This revision allows newer technologies while maintaining the integrity of an electronic bingo system.
P: 130 D 9 F: 130 D 10	This subdivision provides that an electronic bingo system product a receipt and transaction log with certain information.	Eliminated the transaction log requirement. Revised the list of information required to appear on the system's receipt.	These revisions are intended to clarify the information that must appear on the system's receipt. Based on the reports OCG receives from suppliers, OCG is not requiring the system to produce new information.
P: 130 D 10 F: 130 D 11	This subdivision provides that an electronic bingo system product a summary report with certain information.	Revised the list of information an electronic bingo system must maintain regarding each session.	These revisions are intended to clarify the information that an electronic bingo system must maintain for each session. Based on the reports OCG receives from suppliers, OCG is not requiring the system to produce new information.
* P: 130 F, G, H, I F: 130 F, G, H, I, J	These subsections establish standards for pull-tab dispensers and require that these dispensers be certified by a testing facility.	Eliminated the requirements that pull-tab dispensers be certified by a testing facility. Added a subsection to clarify that dispensers may only dispense paper pull-tabs that conform to the construction standards in 11VAC15-40-130 B and the randomization standards in 11VAC15-40-140.	These dispensers do not use software that determines the outcome of the game. As such, it is not necessary to test these dispensers to maintain the integrity of the game.
* 143	N/A	Added a new subsection establishing standards for electronic random number generator standards.	The industry has begun to use electronic random number generators to conduct bingo. Standards are necessary to assist in ensuring the continued integrity of bingo games. This new section includes a grandfather clause for any electronic random number generating being used prior to the effective date of this regulation.

* 147	N/A	Added a new section establishing the permitting requirements for manufacturers of electronic games of chance systems.	Section 18.2-340.34 of the Code of Virginia prohibits a manufacturer from distributing electronic games of chance systems until it has been issued a permit by the department. Due to staff oversight, this section was not included in the proposed regulation.
150 B	This subsection prohibits a supplier from knowingly selling a distributed pull-tab system, validation system, and other equipment that does not conform to the requirements of this regulation.	Added a reference to “manufacturer”.	Due to staff oversight, this reference was not included in the proposed regulation.
* 150 D	Game themes are subject to approval by the department. 11VAC15-40-410 C (proposed)	All game themes and sounds shall be approved by the department.	This provision will assist in ensuring that games themes and sounds are not obscene or offensive.
180	This section establishes requirements for electronic pull-tab game sets.	Added a subsection prohibiting the commingling of game sets.	The proposed regulation was silent regarding the commingling of electronic pull-tab game sets. OCG did not intend for these game sets to be commingled. As questions arose during the public comment period regarding commingling, OCG added this subsection for clarification.
210 E	This subsection requires passwords to access all components of a distributed pull-tab system.	Added language to clarify that end-users/players do not need a password to access an electronic pull-tab device.	OCG did not intend to require players to have a password in order to play an electronic pull-tab game and revised this subsection to provide clarification.
220 B	Data must be retained for a period of not less than three years	Data must be retained for a period of not less than three years from the close of the fiscal year	This revision was intended to provide consistency within regulation.
230 B 5	This subdivision required a distributed pull-tab system to produce a master reconciliation report.	This subdivision was eliminated.	A distributed pull-tab system’s electronic accounting system is unable to report on some of the information required in the master reconciliation report. This report contained certain information that the organization should report,

			not the distributed pull-tab system. 11VAC15-40-230 C specifies the data on which a distributed pull-tab system must report regarding “cash in” and “cash out”.
* 250	N/A	Added requirement for a firewall between the distributed pull-tab system and any external point of access.	This provision assists in ensuring physical network security.
* 270	This section included a requirement that payment by voucher printer is only permissible when the player device is linked to a validation system or distributed pull-tab system that allows validation.	The requirement for a voucher printer validation system was eliminated.	OCG did not intend to include this requirement in the proposed draft.
* 300 F	11VAC15-40-300 F limited the sound permitted to be emitted from an electronic pull-tab device by prohibiting any entertaining sound or music other than an audio effect to simulate the opening of a paper pull-tab or instant bingo card.	Additional sounds are permissible. Only sounds solely intended to entice a player to play are prohibited.	Manufacturers requested that electronic pull-tab devices be able to emit sounds that will indicate to the player that the device has received the player’s command.
* 300 H, I	11VAC15-40-300 H limited the number of electronic pull-tab devices that may be present at any premises at which charitable gaming is conducted based upon the premises’ maximum occupancy.	Limited to 50 the number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted. Limited to 10 the number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted. Limited to 5 the number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to § 18.2-340.26:1 of the Code of Virginia.	In response to feedback received on the proposed regulation, the agency has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured approach to the introduction of electronic pull-tabs to Virginia.
350 A 1	Included reference to: 11VAC15-40-420 E	Replaced reference with: 11VAC15-40-410 E	The proposed text contained an incorrect internal reference.
390 A 2, 3	These subdivisions included language related to the requirement in 11VAC15-40-270 that was eliminated.	Removed language related to the eliminated requirement of 11VAC15-40-270 that required printers to be linked to a validation system.	The agency did not intend to require printers to be linked to a validation system.

410 A 7	11VAC15-40-410 A 6 (proposed) limited the sound permitted to be emitted from an electronic pull-tab device by prohibiting any entertaining sound or music other than an audio effect to simulate the opening of a paper pull-tab or instant bingo card.	Additional sounds are permissible. Only sounds solely intended to entice a player to play are prohibited.	Manufacturers requested that electronic pull-tab devices be able to emit sounds that will indicate to the player that the device has received the player’s command.
* 410 C	11VAC15-40-410 C (proposed) stated that game themes <i>may</i> not contain obscene or offensive graphics. It also stated that game themes are subject to approval by the department.	11VAC15-40-410 C states game themes <i>shall</i> not contain obscene or offensive graphics. This subsection also states that the department shall determine what is obscene or offensive. 11VAC15-40-150 D now contains the requirement that game themes be approved by the department before used for play.	“ <i>May</i> ” was replaced with “ <i>shall</i> ” for consistency in verb usage throughout this section.
420	This section contains the procedural rules for fact-finding conferences.	Revised to include references to manufacturers.	This additional language was necessary for consistency throughout the regulation with the addition of the section regarding the permitting of manufacturers of electronic games of chance.
430	This section contains provisions regarding the reporting of violations.	Revised to include references to manufacturers.	This additional language was necessary for consistency throughout the regulation with the addition of the section regarding the permitting of manufacturers of electronic games of chance.
430 D, E	These subsections state an officer of a qualified organization or supplier must notify the department upon “ <i>conviction of a felony</i> ”.	These subsections were revised to state “upon <i>being convicted of a felony</i> ”.	This revision is intended to provide clarification.
430 H	This subsection states that the department will provide to organizations a poster with the phone number where complaints can be made to the department.	This subsection was revised to state these posters shall be in a format prescribed by the department.	This revision will allow organizations to print their own posters as needed.

Public comment

Please summarize all comments received during the public comment period following the publication of the proposed stage, and provide the agency response. If no comment was received, please so indicate.

For those sections whose numbers have changed from the proposed stage to the final stage, both the proposed section and the final section numbers are included in the agency response column below.

Commenter	Comment	Agency response
Rev. Eddy Aliff, Virginia Assembly of Independent Baptists	-Expressed concerns regarding the expansion of gambling and questioned whether the benefit of electronic pull-tabs to charitable organizations is greater than the benefit to the industry supplying electronic pull-tabs.	-As electronic pull-tabs will be a new offering in Virginia, the agency does not have any reliable data regarding the economic benefits of electronic pull-tabs.
David Callis	-Expressed concern that 11VAC15-40-60 D will make it more difficult to find people to work at bingo sessions than the current 11VAC15-22-50 D.	-The current regulation, 11VAC15-22-50 D, prohibits a volunteer from playing bingo during a session he works and from playing pull-tabs during a session he works or from a deal he sells. The proposed 11VAC15-40-60 D simply expands the current regulation to include both volunteer and paid workers. Prohibiting an individual from playing a game that he has been involved with selling assists in protecting the integrity of the game. As such, the agency has determined that this policy should apply to anyone conducting gaming, not just volunteers.
Terry Webster, St. John’s Young Men Bingo Association, Inc.	-Suggested that the regulations be amended to allow a member of an organization who participates in the organization’s charitable gaming activity to receive payment for the daily accounting and preparation of quarterly and annual financial reports.	The definitions provided in § 18.2-340.16 of the Code of Virginia, establish that “management” includes compiling, submitting, and maintaining required records and financial reports. Section 18.2-340.33(6) of the Code of Virginia provides that no person shall receive remuneration for participating in management of charitable gaming. 11VAC15-40-50 N allows individuals who are not members or are members who do not participate in charitable gaming activities to be paid reasonable fees for preparation of quarterly and annual report. OCG has determined it is necessary for the integrity of game management to maintain the prohibition on individuals who participate in charitable gaming activities from receiving remuneration for conducting daily accounting and preparing financial reports.
Mark McKenney, Caller	-Expressed that the elimination of the winner-take-all game had a negative impact on player interest in bingo.	-Chapter 429 of the 2010 Acts of Assembly amended the charitable gaming statute by eliminating Winner-Take-All games. The charitable

	Suggested allowing the winner-take-all game and an additional \$1,000 jackpot game.	gaming statute prescribes that the total amount of bingo jackpot prizes awarded in any session shall not exceed \$1,000. The charitable gaming statute cannot be amended through the regulatory process.
Robert Goolrick, Arlington-Fairfax Elks Lodge 2188	-Requested that the Board consider issuing two-year permits. Expressed that renewing permits annually is an additional burden on charitable gaming organizations.	OCG has determined that one-year permits better assist with facilitating communication between OCG and organizations than do two-year permits. Annual renewal ensures that OCG receives updated contact information from organizations, which often change game manager from year to year. OCG anticipates that the implementation of an online charitable gaming application will ease the administrative burden for organizations seeking to renew their permits.
Service Laptopuri	-Expressed thanks for the information.	
Jeff Lessin, 501 Services Inc.	-Requested that the regulations limit the number of player devices (both handheld and non-handheld) that are used exclusively for electronic pull-tabs, citing concerns over the use of player devices in social quarters. Stated that charitable organizations are concerned that, without a limit on player devices, the sale of electronic pull-tabs in social quarters will draw players away from bingo.	11VAC15-40-300 H; 11VAC15-40-300 I (final) OCG has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured approach to the introduction of electronic pull-tabs to Virginia. The number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 50. The number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 10. The number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to § 18.2-340.26:1 of the Code of Virginia shall be limited to 5.
Terry Webster, St. John’s Young Men Bingo, Inc.	-Suggested that the reinstatement of a modified winner-take-all game with a prize limit of \$500 would help increase bingo session attendance and would provide a beneficial profit margin for small and medium-sized groups.	-Chapter 429 of the 2010 Acts of Assembly amended the charitable gaming statute by eliminating Winner-Take-All games. The charitable gaming statute cannot be amended through the regulatory process.
Emile S. Bourgoyne, International Gamco, Inc.	-Suggested various amendments to the regulations and presented various questions regarding the regulations, as described below. 11VAC15-40-10 Suggested adding a reference to	11VAC15-40-10 Agreed.

	<p>electronic game card in the definition of “flare” and “serial number”.</p> <p style="text-align: center;">11VAC15-40-50 W</p> <p>Questioned whether the required flare may be posted electronically on the screen of the electronic pull-tab player device.</p> <p style="text-align: center;">11VAC15-40-230 B 5 d</p> <p>Expressed concern with this subdivision’s requirement that the electronic accounting system generate a report that includes the “Total of all monies removed from a player device”, as the money is removed by the organization. Suggested that this total be replaced with the “cash out” total.</p> <p style="text-align: center;">11VAC15-40-270 A</p> <p>Expressed concern regarding the requirement that a voucher printer be linked to a validation system or distributed pull-tab system that allows validation of the voucher. Expressed that validation systems will be costly for charitable organizations.</p> <p style="text-align: center;">11VAC15-40-300 F</p> <p>Expressed concern that the requirement regarding sounds permissible for player devices is too restrictive. Stated that certain sounds are needed to accommodate federal Americans with Disabilities Act requirements. Recommended adding a statement that all audio and video animation shall be subject to approval by the department.</p> <p style="text-align: center;">11VAC15-40-300 H</p> <p>Requested that the regulations prescribe a limit on the number of handheld player devices that may be used. Recommended that the limit on the handheld player devices be the same as the limit on the non-handheld player devices.</p> <p>Expressed concern that the proposed limit on non-handheld player devices is too restrictive. Recommended a limit</p>	<p style="text-align: center;">11VAC15-40-50 W</p> <p>The flare for electronic pull-tabs is not addressed in 11VAC15-40-50 W (proposed), but is addressed in 11VAC15-40-430 (final). The flare must be displayed on the video screen of the electronic pull-tab.</p> <p style="text-align: center;">11VAC15-40-230 B 5</p> <p>OCG acknowledges a distributed pull-tab system’s electronic accounting system’s inability to report on the total monies removed from an electronic pull-tab device and struck the requirement that the system be capable of generating a master reconciliation report. 11VAC15-40-230 C specifies the data on which a distributed pull-tab system must report regarding “cash in” and “cash out”.</p> <p style="text-align: center;">11VAC15-40-270 A</p> <p>OCG did not intend to require that a voucher printer be linked to a validation system or distributed pull-tab system that allows validation of the voucher. OCG struck the subsection that established this requirement.</p> <p style="text-align: center;">11VAC15-40-300 F</p> <p>OCG has revised the regulation to prohibit only those sounds and music that are solely intended to entice players to play. (11VAC15-40-300 F & 11VAC15-40-410 A 7(final))</p> <p>OCG has revised the regulation to require that all game themes, sounds, and music must be approved by the department. (11VAC15-40-150 D)</p> <p style="text-align: center;">11VAC15-40-300 H; 11VAC15-40-300 I (final)</p> <p>OCG has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured approach to the introduction of electronic pull-tabs to Virginia.</p> <p>The number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 50.</p>
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	<p>of one device per 25 permissible occupants.</p> <p>Requested that the regulations clarify “cut-off points for the number of player devices permitted”.</p> <p style="text-align: center;">11VAC15-40-410 A 6</p> <p>Expressed concern that the requirement regarding sounds permissible for player devices is too restrictive. Stated that certain sounds are needed to accommodate federal Americans with Disabilities Act requirements. Recommended adding a statement that all audio and video animation shall be subject to approval by the department.</p> <p style="text-align: center;">Manufacturer’s License</p> <p>Requested that provisions regarding a license for manufacturers of electronic games of chance systems be added to the regulations, pursuant to § 18.2-340.34(A) of the Code of Virginia.</p>	<p>The number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 10.</p> <p>The number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to § 18.2-340.26:1 of the Code of Virginia shall be limited to 5.</p> <p style="text-align: center;">11VAC15-40-410 A 6 (proposed)</p> <p>OCG has revised the regulation to prohibit only those sounds and music that are solely intended to entice players to play. (11VAC15-40-300 F & 11VAC15-40-410 A 7 (final))</p> <p>OCG has revised the regulation to require that all game themes, sounds, and music must be approved by the department. (11VAC15-40-150 D)</p> <p style="text-align: center;">Manufacturer’s License 11VAC15-40-147</p> <p>OCG has established provisions for the permitting of manufacturers of electronic games of chance systems.</p>
<p>Lane Kneeder, Reed Smith on behalf of International Gamco and Oasis Gaming (provided testimony during public hearing)</p>	<p>-Expressed strong support for the proposed regulations.</p> <p>-Provided suggestions for the following sections, as described in detail above in Mr. Bourgoyne’s comments: 11VAC15-40-10 11VAC15-40-50 W 11VAC15-40-270 11VAC15-40-300 11VAC15-40-410 11VAC15-40-300 H</p> <p>-Requested that the regulations included provisions for a manufacturer’s license.</p>	<p>Please see OCG’s response to Mr. Bourgoyne’s comments.</p> <p style="text-align: center;">11VAC15-40-147</p> <p>OCG has established provisions for the permitting of manufacturers of electronic games of chance systems.</p>
<p>Mary B. Magnuson, National Association of Fundraising Ticket Manufacturers</p>	<p>-Requested that the regulations prescribe permit requirements for manufacturers of electronic gaming systems similar to the permit requirements for charitable gaming suppliers.</p>	<p style="text-align: center;">11VAC15-40-147</p> <p>OCG has established provisions for the permitting of manufacturers of electronic games of chance systems.</p>
<p>Matthew Benka, Virginia Charitable Bingo Association (provided</p>	<p>-Requested that the regulations include definitions for “stand alone device” and “hand held device” and that the definitions distinguish</p>	<p style="text-align: center;">11VAC15-40-300 H; 11VAC15-40-300 I (final)</p> <p>OCG has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured</p>

<p>testimony during the public hearing, as well as written comment via the Regulatory Town Hall)</p>	<p>between these two devices according to whether they are used during a bingo session.</p> <p>-Requested that the limit on stand alone devices be stricter than as currently proposed for non-handheld player devices. Suggested a limit of one device per 100 permissible occupants.</p> <p>-Suggested that electronic hand held devices be permissible only if purchased with a bingo game package at a bingo session.</p> <p>-Expressed support for the regulations.</p>	<p>approach to the introduction of electronic pull-tabs to Virginia.</p> <p>The number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 50.</p> <p>The number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 10.</p> <p>The number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to § 18.2-340.26:1 of the Code of Virginia shall be limited to 5.</p>
<p>John Wohlfarth, Capital Bingo, Inc.</p>	<p>-Suggested various amendments to the regulations, as described below.</p> <p style="text-align: center;">11VAC15-40-50 R</p> <p>Stated that the requirement to suspend electronic pull-tab play between sessions is unnecessary if the distributed pull-tab system is capable of seamlessly changing from one charitable organization to the next.</p> <p style="text-align: center;">11VAC15-40-170</p> <p>Recommended adding language to permit commingling of electronic pull-tabs, as is permitted for paper pull-tabs.</p> <p style="text-align: center;">11VAC15-40-180 2</p> <p>Suggested increasing the permissible electronic game card deck size to 100,000.</p> <p style="text-align: center;">11VAC15-40-210 E</p> <p>Suggested that a one-level passcode for players is more reasonable than the proposed two-level pass word requirement.</p> <p style="text-align: center;">11VAC15-40-300 H</p> <p>Expressed support for no limit on the quantity of handheld player devices.</p> <p style="text-align: center;">11VAC15-40-410 A 6</p> <p>Recommended that additional audio and visual cues be permissible on</p>	<p style="text-align: center;">11VAC15-40-50 R</p> <p>OCG has decided to retain the required 30-minute break between bingo sessions as this break provides organizations time to reconcile its sales from the bingo session.</p> <p style="text-align: center;">11VAC15-40-170 (proposed) 11VAC15-40-180 7 (final)</p> <p>OCG does not intend for electronic pull-tab game sets to be commingled, as this could present game management and reconciliation challenges for organizations that may find themselves with large pools of unplayed electronic pull-tabs if commingling were permissible.</p> <p style="text-align: center;">11VAC15-40-180 2</p> <p>OCG has decided to retain the maximum game set size of 25, 000 electronic pull-tabs. OCG, with feedback from the stakeholder group convened to review the initial draft of the electronic pull-tab provisions, determined capping game sets at this size will assist the organizations’ game management and reconciliation by increasing the likelihood that game sets will be sold quickly and, thereby, limiting the number of unplayed electronic pull-tabs.</p> <p style="text-align: center;">11VAC15-40-210 E</p> <p>OCG revised the regulation to clarify that players</p>

	<p>player devices. Stated some audio and visual cues may be needed for compliance with the Americans with Disabilities Act.</p> <p>Feels that the technical requirements of the sections and subsections listed below do not adequately address systems that use “off-the-shelf computer terminals” that use a standard operating system such as Microsoft Windows and that are networked to a central server.</p> <p>11VAC15-40-210 G 11VAC15-40-220 11VAC15-40-300 D 11VAC15-40-340 11VAC15-40-350 11VAC15-40-360</p>	<p>are not required to have two-level passwords.</p> <p>11VAC15-40-300 H; 11VAC15-40-300 I (final) OCG has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured approach to the introduction of electronic pull-tabs to Virginia.</p> <p>The number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 50.</p> <p>The number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 10.</p> <p>The number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to § 18.2-340.26:1 of the Code of Virginia shall be limited to 5.</p> <p>11VAC15-40-410 A 6 (proposed) OCG has revised the regulation to prohibit only those sounds and music that are solely intended to entice players to play. (11VAC15-40-300 F & 11VAC15-40-410 A 7 (final))</p> <p>OCG has revised the regulation to require that all game themes, sounds, and music must be approved by the department. (11VAC15-40-150 D)</p> <p>Concerns regarding systems using commonly available operating systems Any computer or other-based system is capable of meeting the requirements for distributed pull-tab systems established by this regulation. The proposed requirements ensure the system is secure, which is especially important if the distributed pull-tab system uses a commonly available operating system whose weaknesses are more likely to be known to users.</p>
<p>Mark Newton, VKGS LLC dba Video King</p>	<p>-Suggested replacing the term “number” with the term “quantity”, where appropriate, for clarity.</p> <p>- Suggested various amendments to the regulations, as described below.</p>	<p>-Agreed. Revisions made to 11VAC15-40-130 D 10 and 11VAC15-40-130 D 11 (final).</p>

	<p>11VAC15-40-10 Recommended that the definition of “electronic bingo device” include clarification that an electronic bingo device may function as a player device.</p> <p>11VAC15-40-130 D 2 Recommended revising this subdivision to clarify that electronic bingo devices are not restricted to personal computers.</p> <p>11VAC15-40-130 D 3 Expressed concern that manufacturers using “off the shelf” hardware for electronic bingo devices are not able to permanently code a unique identification number into the software of the device. Recommended replacing “permanently coded” with “securely encoded”.</p> <p>11VAC15-40-130 D 6 Expressed concern that the requirement that, during a bingo game, the transmission of data to electronic bingo devices is limited to one-way communication to the device and shall only consist of the number called is too restrictive.</p> <p>11VAC15-40-130 D 9 Suggested striking the requirement that the electronic bingo system produce a transaction log, in light of the summary report requirement in 11VAC15-40-130 D 10.</p> <p>11VAC15-40-130 D 9 f Suggested grammatical correction of replacing “each” with “the”.</p> <p>11VAC15-40-130 D 10 Suggested eliminating the requirement for a summary report for electronic bingo and allowing multiple reports instead.</p> <p>11VAC15-40-130 D 10 b Suggested striking “physical” to maintain consistency with requirement in 11VAC15-40-130 D 9 b.</p>	<p>11VAC15-40-10 The regulations are not drafted to exclude the same electronic unit from serving as both an electronic bingo device and an electronic pull-tab device.</p> <p>11VAC15-40-130 D 2 Agreed. Revision made to 11VAC15-40-130 D 2.</p> <p>11VAC15-40-130 D 3 Agreed. Revision made to 11VAC15-40-130 D 3.</p> <p>11VAC15-40-130 D 6 Revision made to 11VAC15-40-130 D 7 (final) to permit additional data to be transmitted via one-way communication to an electronic bingo device.</p> <p>11VAC15-40-130 D 9 (proposed) 11VAC15-40-130 D 10 (final) Agreed. Revision made to 11VAC15-40-130 D 10.</p> <p>11VAC15-40-130 D 9 f (proposed) 11VAC15-40-130 D 10 (final) Agreed. Revision made to 11VAC15-40-130 D 10 c (final).</p> <p>11VAC15-40-130 D 10 (proposed) 11VAC15-40-130 D 11 (final) The Department determined that the summary report that is currently required and that is used by the organizations and the department adequately provides the necessary information in a format that assists organizations in their reporting to the department.</p> <p>11VAC15-40-130 D 10 b (proposed)</p>
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	<p>11VAC15-40-130 D 10 d Suggested replacing “Sequential transaction or receipt number” with “Sequential transaction or receipt number of each transaction”.</p> <p>11VAC15-40-130 D 10 f Suggested clarifying this subsection by adding “each transaction” to the subsection.</p> <p>11VAC15-40-130 D 10 g Suggested clarifying this subsection.</p> <p>11VAC15-40-130 D 11 Suggested amendment that would allow for the deactivation, rather than the erasure, of electronic bingo cards from electronic bingo devices.</p> <p>11VAC15-40-130 E Requested clarification regarding the term “electronic devices”.</p> <p>11VAC15-40-300 H Suggested amendment to limit the number of permissible handheld electronic pull-tab player devices, while providing an exemption from this limit for electronic bingo devices that are also used as player devices for electronic pull-tabs.</p>	<p>11VAC15-40-130 D 11 b (final) Agreed. Revision made to 11VAC15-40-130 D 11 b (final).</p> <p>11VAC15-40-130 D 10 d (proposed) 11VAC15-40-130 D 11 d (final) Agreed. Revision made to 11VAC15-40-130 D 11 d (final).</p> <p>11VAC15-40-130 D 10 f (proposed) 11VAC15-40-130 D 11 h (final) Agreed. Revision made to 11VAC15-40-130 D 11 h (final).</p> <p>11VAC15-40-130 D 10 g (proposed) 11VAC15-40-130 D 11 j (final) Agreed. Revision made to 11VAC15-40-130 D 11 j (final).</p> <p>11VAC15-40-130 D 11 (proposed) 11VAC15-40-130 D 12 (final) To assist in ensuring the integrity of this gaming activity, OCG has decided to retain the current requirement that electronic bingo cards be automatically erased from each electronic bingo device as the end of each bingo session.</p> <p>11VAC15-40-130 E Revision made to clarify that this subsection is intended to address electronic bingo devices.</p> <p>11VAC15-40-300 H; 11VAC15-40-300 I (final) OCG has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured approach to the introduction of electronic pull-tabs to Virginia.</p> <p>The number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 50.</p> <p>The number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 10.</p> <p>The number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to</p>
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		§ 18.2-340.26:1 of the Code of Virginia shall be limited to 5.
Jon Weaver, eTab Gaming Systems	<p>-Suggested that player devices be allowed to “utilize appropriate sounds for a useable and entertaining customer interface, but shall not generate sounds that are purely for the purpose of attracting attention when the player device is not actively used to play games.”</p> <p>-Suggested that the regulations allow for future equivalent technologies, as determined by the department in consultation with testing laboratories.</p>	<p>OCG has revised the regulation to prohibit only those sounds and music that are solely intended to entice players to play. (11VAC15-40-300 F & 11VAC15-40-410 A 7)</p> <p>OCG has revised the regulation to require that all game themes, sounds, and music must be approved by the department. (11VAC15-40-150 D)</p> <p>OCG intends to consult with testing laboratories to review future technologies.</p>
Marty Williams, Fraternal Order of Police (provided testimony during the public hearing)	<p>-Expressed thanks for the consolidation of the regulations.</p> <p>-Suggested removing from the use of proceeds calculation the total amount of prizes paid out.</p> <p>-Suggested amending the regulations to reduce the audit and administration fee.</p>	<p>Section 18.2-340.19(A)(1) of the Code of Virginia requires that a percentage of an organization’s gross receipts be used towards charitable purposes. As the requirement that use of proceeds be determined by gross receipts is a statutory requirement, the suggested change cannot be made through the regulatory process.</p> <p>As proposed, the regulations do not establish the amount of the audit and administration fee. Reflecting the provisions of § 18.2-340.31(B), 11VAC15-40-90 B states that the audit and administration fee is established by the Department for the fiscal year. Virginia’s standard regulatory process can be lengthy; therefore, OCG has determined it is best to refrain from prescribing the fee in the regulation.</p>
Matt Geary, Technology Exclusive (provided testimony at public hearing)	<p>-Suggested that the regulations allow player devices to make additional sounds, subject to the approval of the department.</p> <p>-Suggested that the regulations allow one player device for every 100 attendees.</p>	<p>OCG has revised the regulation to prohibit only those sounds and music that are solely intended to entice players to play. (11VAC15-40-300 F & 11VAC15-40-410 A 7)</p> <p>OCG has revised the regulation to require that all game themes, sounds, and music must be approved by the department. (11VAC15-40-150 D)</p> <p>11VAC15-40-300 H; 11VAC15-40-300 I (final) OCG has revised the provisions regarding electronic pull-tab device limits. The agency believes the revisions to the device limits represent a measured approach to the introduction of electronic pull-tabs to Virginia.</p> <p>The number of handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 50.</p>

		<p>The number of non-handheld electronic pull-tab devices that may be present at any premises that is open to the public at which charitable gaming is conducted shall be limited to 10.</p> <p>The number of electronic pull-tab devices used to facilitate the play of electronic pull-tabs sold, played, and redeemed at any premises pursuant to § 18.2-340.26:1 of the Code of Virginia shall be limited to 5.</p>
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All changes made in this regulatory action

Please list all changes that are being proposed and the consequences of the proposed changes. Describe new provisions and/or all changes to existing sections.

In some sections, the numbering has changed from the proposed text to the final text. For those sections whose numbers have changed, both the proposed section (P) and the final section (F) numbers are listed in the “Section number” column below.

Changes to Existing Sections

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
11 VAC 15-22-10	11 VAC 15-40-10	Definitions from the Charitable Gaming Rules and Regulations	The proposed definitions section incorporates the definitions from the Charitable Gaming Rules and Regulations and the Supplier Rules and Regulations. These definitions have been updated to reflect legislative changes that allow for automatic daubing and progressive bingo games. The definition section also includes those definitions needed to clarify the portion of the regulation pertaining to electronic games of chance.
11VAC15-22-20	11 VAC 15-40-20	Eligibility for permit to conduct charitable gaming; when valid; permit requirements	Specific dollar amounts that are prescribed by the Code of Virginia have been replaced by references to the sections of the Code that prescribes these amounts. This will alleviate the need to amend the regulation following any statutory changes to these amounts. Additional changes to this section reflect the Department’s implementation of the use of remedial business plans to assist organizations

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
			in achieving compliance.
11VAC15-22-30	11 VAC 15-40-30	Permit application process	<p>Specific dollar amounts prescribed by and exemptions granted in the Code of Virginia have been replaced by references to the appropriate sections of the Code.</p> <p>The fee for a permit amendment has been eliminated. Additional revisions to the provisions regarding permit amendments were made to provide clarification.</p> <p>Certain items that are currently required to be submitted with an application for a permit have been eliminated, as the Department has determined it does not need to collect this information.</p>
11VAC15-22-35	11 VAC 15-40-40	Suspension, revocation, or denial of permit	<p>The proposed changes reflect the Department’s use of compliance agreements rather than consent orders and remedial business plans rather than corrective action plans.</p>
11VAC15-22-40	11 VAC 15-40-50	Conduct of bingo, instant bingo, pull-tabs, seal cards, and raffles	<p>This section reflects changes needed due to Chapter 264 of the 2007 Acts of Assembly which allowed for electronic games of chance systems. The phrase “electronic pull-tab” has been inserted where appropriate throughout this section.</p> <p>This section also reflects changes needed due to Chapter 429 of the 2010 Acts of Assembly which authorized the Board to prescribe regulations permitting nonmembers to participate in the conduct of bingo. Revisions have been made to eliminate the distinction between volunteer game workers and paid game workers, where appropriate.</p> <p>The required break between gaming sessions has been reduced from one hour to 30 minutes.</p>
11VAC15-22-50	11 VAC 15-40-60	Rules of play	<p>This section reflects changes needed due to Chapter 429 of the 2010 Acts of Assembly which authorized full automatic daubing of bingo numbers.</p> <p>This section clarifies that no one involved in the conduct of bingo may play at any session they have worked. No one involved in the sale or redemption of pull-tabs may purchase pull-tabs during the day they have worked or from the deal with have helped sell or redeem. Prize amounts prescribed by the Code of Virginia have been replaced with references to</p>

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
			<p>the appropriate sections of the Code. This section contains changes necessitated by Chapter 429 of the 2010 Acts of Assembly which permitted multiple progressive bingo games. Additional non-substantive changes were made to provide consistency and clarification.</p>
11VAC15-22-60	11 VAC 15-40-70	Bank accounts	<p>A change was made to this section to clarify when organizations must deposit raffle proceeds. This section also reflects a change needed due to Chapter 264 of the 2007 Acts of Assembly which allowed for electronic games of chance systems. The phrase “electronic pull-tab” has been inserted where appropriate in this section.</p>
11VAC15-22-70	11 VAC 15-40-80	Recordkeeping	<p>References to prize thresholds at which reporting is required by the Internal Revenue Service have been replaced with references to the IRS publication that establishes those thresholds. Changes were made to clarify the recordkeeping required for raffles. This section was also revised to reflect the Department’s decision to cease collecting unused gaming supplies from organizations. Additional non-substantive changes were made to provide consistency and clarification.</p>
11VAC15-22-80	11 VAC 15-40-90	Financial reporting, penalties, inspections and audits	<p>Specific exemptions granted by the Code of Virginia have been replaced by references to the appropriate section of the Code.</p>
11VAC15-22-90	11 VAC 15-40-100	Use of proceeds	<p>Language was inserted to clarify the account from which transfers to a special fund account may be made in order to be included in use of proceeds. Additional non-substantive changes were made to provide consistency and clarification.</p>
11VAC15-22-100	11 VAC 15-40-110	Requirements regarding renting premises, agreements and landlord participation	<p>This section reflects changes needed due to Chapter 264 of the 2007 Acts of Assembly which allowed for electronic games of chance systems. The phrase “electronic pull-tab” has been inserted where appropriate in this section.</p>
11VAC15-22-110	11 VAC 15-40-420	Procedural rules for the conduct of fact-finding conferences and hearings	<p>This section incorporates the procedural rules for the conduct of fact-finding conferences and hearings from the Charitable Gaming Rules and Regulations and the Supplier Rules and Regulations.</p>
11VAC15-	11 VAC 15-40-	Reporting violations	<p>This section incorporates the provisions</p>

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
22-120	430		regarding the reporting of violations from the Charitable Gaming Rules and Regulations and the Supplier Rules and Regulations. The requirement that the department provide to organizations a poster with the phone number where complaints can be made has been replaced with the requirement that posters be in a format prescribed by the department.
11VAC15-31-10	11 VAC 15-40-10	Definitions	The proposed definitions section incorporates the definitions from the Charitable Gaming Rules and Regulations and the Supplier Rules and Regulations. These definitions have been updated to reflect legislative changes that allow for automatic daubing and progressive bingo games. The proposed definition section also includes those definitions needed to clarify the portion of the regulation pertaining to electronic games of chance.
11VAC15-31-20	11 VAC 15-40-120	Suppliers of charitable gaming supplies: application, qualifications, suspension, revocation or refusal to renew permit, maintenance, and production of records	This section reflects changes needed due to Chapter 264 of the 2007 Acts of Assembly which allowed for electronic games of chance systems. This section was revised to eliminate the requirement that the department act on a supplier application within 90-days of receiving the application. The section was also revised to replace the requirement that supplier submit their reports on a computer disk with the requirement that suppliers submit their reports via Department-approved electronic media. Additional non-substantive changes were made to provide consistency and clarification.
11VAC15-31-30	11 VAC 15-40-130	Construction and other standards for bingo, instant bingo, pull-tabs, seal cards, event games, raffles, electronic bingo devices, and instant bingo, pull-tab and seal card dispensers	Exceptions to the prescribed construction standards for raffles must receive approval from the Department. This section reflects changes needed due to Chapter 429 of the 2010 Acts of Assembly which authorized full automatic daubing of bingo numbers. The reporting requirements for electronic bingo devices have been modified to permit electronic bingo device systems that do not identify at the point of sale the number of the electronic bingo device issued to a player. Additionally, the reporting requirements have been revised to clarify what information must be reported on each receipt and for each

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
			session. Revisions were made to allow “off the shelf” products and newer technology to be used in electronic bingo systems. A firewall requirement was added for electronic bingo systems. The requirement that paper pull-tab dispensers be certified by a testing facility was eliminated.
11VAC15-31-40	11 VAC 15-40-140	Instant bingo, pull-tabs, or seal card randomization standards	No changes are proposed to the current section.
11VAC15-31-50	11 VAC 15-40-420	Procedural rules for the conduct of fact-finding conferences and hearings	This section incorporates the procedural rules for the conduct of fact-finding conferences and hearings from the Charitable Gaming Rules and Regulations and the Supplier Rules and Regulations.
11VAC15-31-60	11 VAC 15-40-430	Reporting violations	This section incorporates the provisions regarding the reporting of violations from the Charitable Gaming Rules and Regulations and the Supplier Rules and Regulations.

New Sections

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
N/A	P: N/A F: 11 VAC 15-40-143	N/A	Electronic random number generator standards. The industry has begun to use electronic random number generators to conduct bingo. Standards are necessary to assist in ensuring the continued integrity of bingo games.
N/A	P: N/A F: 11 VAC 15-40-147	N/A	Manufacturers of electronic games of chance systems: application, qualifications, suspension, revocation or refusal to renew permit, maintenance, and production of records. This section reflects provisions needed due to Chapter 264 of the 2007 Acts of Assembly which allowed for electronic games of chance systems. Section 18.2-340.34 of the Code of Virginia prohibits a manufacturer from distributing electronic games of chance systems until it has been issued a permit by the department.
N/A	11 VAC 15-40-150		Approval of distributed pull-tab systems, validation systems, point of sale stations, and redemption terminals. Requires that any distributed pull-tab system, validation system, point of sale station, or redemption terminal used in the conduct of charitable gaming must be approved by a Department-approved testing facility. Requires that all game themes, sounds, and music be approved by the Department.

			The intent of this section is to ensure the integrity and security of the components of distributed pull-pull tab systems and to ensure that game themes and sounds are not obscene or offensive.
N/A	11 VAC 15-40-160	N/A	Distributed pull-tab system. Sets forth the basic functions a distributed pull-tab system shall capable of performing. This section sets forth, in general terms, the basic functions of a distributed pull-tab system.
N/A	11 VAC 15-40-170	N/A	Dispensing of electronic game cards. Requires any distributed pull-tab system to dispense an electronic game card upon request and to draw cards, without replacement, from a single finite game set. Electronic pull-tabs must be drawn from a single finite game set, without replacement, to eliminate the use of an infinite pool of game cards as is used in slot machines.
N/A	11 VAC 15-40-180	N/A	Game set requirements. Establishes the size, price, and prize requirements for each game set. Maximum game set size is prescribed to facilitate (i) the play of electronic pull-tabs and (ii) the reporting and auditing of electronic pull-tab sales. Larger game sets will take longer to play to completion, creating potential challenges in reporting and auditing the sales of these game sets.
N/A	11 VAC 15-40-190	N/A	Game set definition. Establishes the criteria from which a game set is to be created if the game set is created by the distributed pull-tab system. These requirements ensure the integrity and security of the game set creation.
N/A	11 VAC 15-40-200	N/A	Data required to be available for each game set. Establishes the data that must be available before a game set is opened and following the completion of a game set. Establishes that no audit or determination of the status of a game set may occur while the game set is in play without causing the termination of the game set. Establishes that a terminated game set shall not be re-opened. These requirements ensure the integrity and security of the game set and facilitate the reporting and auditing of electronic pull-tab sales.
N/A	11 VAC 15-40-210	N/A	Security requirements. Establishes requirements for physically securing the distributed pull-tab system computer. Establishes that the system must terminate a game set if information about the electronic pull-tabs of an open game set is accessed. Requires that the system be capable of producing a log of data elements altered and information regarding the alteration.

			<p>Requires that the system provide password security and secure verification of any distributed pull-tab system software components.</p> <p>These requirements ensure the integrity and security of the distributed pull-tab system by placing controls on who may access the system and requiring the system to record specific information regarding specific alterations to the system’s data.</p>
N/A	11 VAC 15-40-220	N/A	<p>Backup and recovery. Requires distributed pull-tab systems to have a separate physical medium for storing game sets that is mirrored by a backup medium. Requires data that the regulation requires be available to be retained for at least 3 years. Establishes the minimum information that must be recovered following a catastrophic failure of the distributed pull-tab system.</p> <p>These requirements are intended to ensure secure storage of the system’s data and to ensure necessary data is available for audit.</p>
N/A	11 VAC 15-40-230	N/A	<p>Electronic accounting and reporting. Requires that electronic accounting systems be capable of reporting specific information regarding game sets, prizes, and liabilities. Requires that distributed pull-tab systems be capable of reporting specific information.</p> <p>These requirements are intended to facilitate the reporting and auditing of electronic pull-tab sales and payouts.</p>
N/A	11 VAC 15-40-240	N/A	<p>Randomization. Requires that game sets be created using randomization procedures. Requires that the random number generation application used in creating game sets successfully pass standard tests for randomness and unpredictability.</p> <p>These requirements are intended to ensure the integrity of game set creation.</p>
N/A	11 VAC 15-40-250	N/A	<p>Communications and network requirements. Requires the use of communication protocols that ensure erroneous data does not adversely affect linked components. Establishes requirements for the security of encryption keys. Establishes minimum standards for wireless products. Establishes the requirement for a firewall between the distributed pull-tab system and any external point of access.</p> <p>These requirements are intended to ensure the integrity and security of the distributed pull-tab system.</p>
N/A	11 VAC 15-40-260	N/A	<p>Significant events. Establishes those events occurring in the electronic pull-tab device or point of sale that must be communicated to and stored by the distributed pull-tab system.</p> <p>This requirement is intended to ensure the integrity of the</p>

			distributed pull-tab system.
N/A	11 VAC 15-40-270	N/A	<p>Validation system and redemption. Establishes the requirements for voucher validation systems. Requires that validation systems be capable of generating specific reports regarding vouchers.</p> <p>This section provides the option of using a voucher validation system to facilitate electronic gaming transactions. The provisions of this section are intended to ensure the integrity and security of the validation system and the vouchers generated by the voucher printer and redeemed by the validation system.</p>
N/A	11 VAC 15-40-280	N/A	<p>Point of sale; validation terminal. Authorizes the use of a point of sale terminal as a method of facilitating the sale of electronic pull-tabs or the redemption of credits following game play as long as the point of sale terminal is linked to a validation system or distributed pull-tab system. Establishes requirements for the point of sale terminals. Requires that point of sale terminals be capable of generating specific reports regarding transactions conducted at the terminal and vouchers redeemed at the terminal.</p> <p>This section provides the option of using a point of sale terminal to facilitate electronic gaming transactions. The provisions of this section are intended to ensure the integrity and security of the point of sale terminal.</p>
N/A	11 VAC 15-40-290	N/A	<p>Location of equipment. Requires that all equipment used to facilitate the distribution, play, or redemption of electronic pull-tabs be physically located within the boundaries of the Commonwealth of Virginia.</p> <p>This section is intended to assist the Department in gaining access to equipment used in electronic gaming.</p>
N/A	11 VAC 15-40-300	N/A	<p>Electronic pull-tab device general requirements. Establishes both the required and the permissible components of an electronic pull-tab device. Establishes restrictions for the physical attributes of electronic pull-tab devices. Establishes limits on the number of electronic pull-tab devices that may be present at certain premises.</p> <p>This section is intended to ensure the integrity and security of electronic pull-tab devices. The restrictions on the physical attributes of electronic pull-tab devices are intended to reflect the device restrictions set by the 2010 Session of the General Assembly in its amendments to § 18.2-340.19 of the Code of Virginia.</p>
N/A	11 VAC 15-40-310	N/A	<p>Cabinet wiring. Establishes requirements for the cabinet wiring of all electronic devices.</p> <p>This section is intended to ensure that the electronic pull-tab</p>

			device has been certified against the applicable safety standards and that the general public cannot access an electronic pull-tab device's power and data cables.
N/A	11 VAC 15-40-320	N/A	Electronic pull-tab device identification. Requires that electronic pull-tab devices have an exterior badge that states specific identifying information. This section is intended to provide a means for identifying and tracking the origination of each electronic pull-tab device.
N/A	11 VAC 15-40-330	N/A	Doors; compartments. Establishes the physical attributes of the external door of any electronic pull-tab device that allows access to the interior of the machine. Establishes the requirements for the system's response to any opening of the external door. Requires any electronic pull-tab device that contains control programs in an accessible area to have a separate internal locked logic compartment. Establishes those electronic components that are required to be housed in a logic area. This section is intended to ensure the security of electronic pull-tab devices and to prevent unauthorized entry into the interior and logic compartments of an electronic pull-tab device.
N/A	11 VAC 15-40-340	N/A	Memory clear. Establishes the process that the program must execute following the initiation of a memory reset procedure. This section is intended to define the conditions on when and how critical memory may be cleared.
N/A	11 VAC 15-40-350	N/A	Critical memory. Establishes the data that must be stored on critical memory. Establishes the methodology by which critical memory storage must be maintained. Establishes additional requirements for critical memory. This section is intended to ensure the security of critical memory and to ensure the secure storage of specific information regarding transactions and error conditions.
N/A	11 VAC 15-40-360	N/A	Program storage devices. Establishes requirements for program storage devices. Establishes requirements for any electronic pull-tab device with a control program that is capable of being erased and re-programmed without being removed from the electronic pull-tab device. Requires control programs to ensure the integrity of all critical program components. This section is intended to ensure the integrity and security of critical files.
N/A	11 VAC 15-40-370	N/A	Touch screens. Establishes requirements for touch screens. This section is intended to ensure the integrity and calibration

			of touch screens.
N/A	11 VAC 15-40-380	N/A	<p>Bill acceptors.</p> <p>Authorizes the use of a bill acceptor mechanism on electronic pull-tab devices. Establishes the requirements of the construction of bill acceptors. Establishes those events that any electronic pull-tab device with a bill acceptor must be capable of detecting. Establishes the data that any electronic pull-tab device with a bill acceptor must be capable of reporting.</p> <p>This section provides the option of using a bill acceptor on an electronic pull-tab device. This section is intended to ensure the integrity and security of the bill acceptor.</p>
N/A	11 VAC 15-40-390	N/A	<p>Payment by voucher printers.</p> <p>Authorizes the use of voucher printers with electronic pull-tab devices. Establishes requirements for any electronic pull-tab device with a voucher printer. Establishes the data that the must be provided on a voucher. Requires voucher printers to use paper that contains security features. Requires printers to have mechanisms that will allow the electronic pull-tab device to interpret and act upon specific, stated conditions.</p> <p>This section is intended to ensure the security of voucher printers and the integrity of voucher transactions.</p>
N/A	11 VAC 15-40-400	N/A	<p>Payment by account.</p> <p>Authorizes the use of player accounts to which credits may be added via cashier, point of sale station, or electronic pull-tab device.</p> <p>This section provides the option of using a player account to facilitate the sale of electronic pull-tabs.</p>
N/A	11 VAC 15-40-410	N/A	<p>Game play requirements.</p> <p>Establishes the methods by which a player may purchase the opportunity to play an electronic pull-tab. Restricts the video display and audio effects produced by an electronic pull-tab device. Requires an electronic pull-tab device to have buttons to facilitate specific functions. Establishes the methods by which an electronic pull-tab device may dispense prizes. Prescribes how a player may obtain his available balance and when a player may not obtain his available balance. Prohibits an electronic pull-tab device from having hardware or software that determines or produces the outcome of any electronic pull-tab. Prohibits obscene or offensive graphics. Prohibits an electronic pull-tab device from simulating the play of games such as roulette, poker, keno, and blackjack. Requires specific electronic meters which display specific information on the electronic pull-tab device video screen.</p> <p>This section is intended to ensure the integrity of the player's interaction with an electronic pull-tab device by requiring the device to display specific information to the player. The restrictions on the physical attributes of electronic pull-tab</p>

			devices are intended to reflect the restrictions set by the 2010 Session of the General Assembly in its amendments to § 18.2-340.19 of the Code of Virginia.
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